United Nations A/C.5/55/2

General Assembly

Distr.: General
29 August 2000

Original: English

Fifty-fifth session
**Fifth Committee**
Item 124 of the provisional agenda*
**Scale of assessments for the apportionment of the expenses of the United Nations**

## Letter dated 17 July 2000 from the President of the General Assembly addressed to the Chairman of the Fifth Committee

I have the honour to transmit to you, for appropriate action by the Fifth Committee, a letter dated 30 June 2000 from the Chairman of the Committee on Contributions concerning requests for exemption under Article 19 of the Charter of the United Nations from Burundi, the Comoros, Georgia, Kyrgyzstan, the Republic of Moldova, Sao Tome and Principe and Tajikistan (see annex). The appendix to the letter from the Chairman of the Committee on Contributions contains the sections of the report of the Committee on its sixtieth session dealing with those questions.

(*Signed*) Theo-Ben **Gurirab**

* A/55/150 and Corr.1 and 2.

00-62390 (E) 300800

## Annex

### Letter dated 30 June 2000 from the Chairman of the Committee on Contributions addressed to the President of the General Assembly

I have the honour to refer to rule 160 of the rules of procedure of the General Assembly which provides that the Committee on Contributions shall advise the Assembly with regard to the application of Article 19 of the Charter of the United Nations. I also have the honour to refer to requests for exemption under Article 19 from Burundi, the Comoros, Georgia, Kyrgyzstan, the Republic of Moldova, Sao Tome and Principe and Tajikistan, which you transmitted to me for appropriate action by the Committee.

In connection with those requests, the Committee has requested me to transmit to the General Assembly without delay the sections of its report on its sixtieth session dealing with those questions. These are attached (see appendix).

(*Signed*) Ugo **Sessi**
Chairman, Committee on Contributions

# Appendix

## Sections of the report of the Committee on Contributions on its sixtieth session[a] regarding requests for exemption under Article 19 of the Charter

### Requests for exemption under Article 19

1. In its resolution 54/237 C, the General Assembly, inter alia, urged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible supporting information, including information on economic aggregates, government revenues and expenditure, foreign exchange resources, indebtedness, difficulties in meeting domestic or international financial obligations and any other information that might support the claim that failure to make necessary payments had been attributable to conditions beyond the control of the Member States. The Assembly also decided that requests for exemption under Article 19 must be submitted by Member States to the President of the Assembly at least two weeks before the session of the Committee so as to ensure a complete review of the requests.

2. Seven requests for exemption under Article 19 were received by the time specified in the resolution and none subsequently. The Committee welcomed this improvement in procedures for consideration of requests for exemption under Article 19. While noting that the information available with respect to the seven requests still varied considerably, the Committee recognized and welcomed an overall improvement in the availability of information from the Member States concerned and from the Secretariat, due in part to Member States' adherence to the provisions of Assembly resolution 54/237 C.

3. The Committee noted that the number of countries falling under Article 19 had been increasing slowly in recent years, reflecting the growth and persistence of arrears for a number of Member States. The Committee also noted the negative impact on the assessment rates of a number of Member States of the imposition in previous scales of a minimum assessment rate, or floor, of 0.01 per cent or of the combined effects of conversion rate replacements in 1994, economic crisis and the effects of the scheme of limits. The current scale had reduced the floor tenfold to 0.001 per cent and had completed the phasing out of the effects of the scheme of limits, apart from limited transitional measures. A number of these Member States, however, were still faced with significant arrears accumulated during earlier scale periods. The Committee noted that if those Member States had not had arrears in the past, they would not have fallen under Article 19. The Committee noted that three of the seven Member States requesting exemption under Article 19 had been negatively affected by the higher floor in place until 1998 and that the other four, part of the former USSR, had been negatively affected by their former high assessment rates and the residual effects of the scheme of limits, the gradual phasing out of which was completed in 2000.

4. The Committee emphasized the importance of the obligation of all Member States to pay their assessed contributions in full, on time and without conditions. It noted with interest the much wider range of sanctions for non-payment applied by the Organization of African Unity (OAU), including the loss of vote and ineligibility to take the floor at meetings and present candidates for election or for recruitment to the secretariat.

5. The Committee emphasized the strictly exceptional nature of exemptions under Article 19. It noted that four of the Member States now requesting exemption under Article 19 had been granted such exemptions in the past, two of them continuously since 1996. The Committee once again expressed its concern at this evident tendency to seek to extend such exemptions for long periods of time. The Committee also noted that two of the Member States had made no payment since 1996. It renewed its appeal to all of the Member States concerned, as proof of their good faith, to make some payments to the United Nations even during the period of exemptions, so as not to increase or even to reduce the amount of their arrears.

6. In considering the seven requests, the Committee had before it information provided by the Member States and the Secretariat. It also met with a representative of OAU and representatives of the Departments of Political Affairs and Peacekeeping Operations of the Secretariat and of the United Nations

Development Programme (UNDP), as well as with representatives of the seven Member States concerned.

### 1. Burundi

7. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 16 May 2000 from the Permanent Representative of Burundi to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of Burundi.

8. In its written and oral representations, Burundi drew attention to the civil war that had gripped the country since 1993 and had led to the death, displacement or exile of hundreds of thousands of people. It had also led to large-scale destruction of infrastructure and property in both urban and rural areas and substantially reduced agricultural production, both of food and cash crops. Economic activity had also been disrupted by the security situation in the country and a severe shortage of foreign exchange. The country had also been affected by an economic embargo by the countries of the subregion from July 1996 to January 1999 following a change of government. This, together with a freezing or reduction of foreign economic assistance, had worsened Burundi's economic situation. Burundi would continue to try to meet its financial obligations to the United Nations and was open to considering the possibility of a schedule of future payments. It was, however, currently unable to make the necessary minimum payment to avoid the application of Article 19 and requested an exemption through the next session of the General Assembly.

9. The Committee noted the continuing severe political, security and economic problems facing Burundi despite some positive recent developments, including the progress of regional peace efforts. It also noted the country's effort in recent years to meet its financial obligations to the United Nations and to reduce outstanding arrears, as well as the fact that Burundi had not previously sought an exemption under Article 19. The Permanent Representative of Burundi informed the Committee that a payment of $100,000 would be made shortly. The Committee was advised that Burundi was also in arrears in its payments to OAU, which had approved a payments plan under which some of the related sanctions were suspended pending periodic review.

**10. The Committee concluded that Burundi's failure to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Burundi be permitted to vote until 30 June 2001.**

### 2. Comoros

11. The Committee had before it the text of a note verbale dated 8 May 2000 from the Permanent Mission of the Comoros to the United Nations addressed to the Secretariat of the Committee on Contributions, as well as the text of a letter dated 18 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 10 May 2000 from the Chargé d'affaires of the Comoros to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of the Comoros.

12. In its written and oral representations, the Comoros made reference to the ongoing separatist crisis, which began in 1997 in Anjouan, one of the three islands of the Comoros. The political problems had had a devastating impact on the country, with hundreds dying from fighting and disease and thousands forced to flee from Anjouan. The country's problems were exacerbated by action by OAU to suspend international cooperation following political changes that took place in the Comoros on 30 April 1999. Government revenues had been adversely affected by the secession and external sanctions and payment of civil service salaries had been delayed. The representative of the Comoros indicated an openness to considering the possibility of a schedule of payments of arrears.

13. The Committee noted the continuing economic and political problems of the Comoros. It also heard from a representative of OAU that the Comoros was currently subject to penalties for non-payment of its contributions to OAU. The Committee was informed that efforts at a political settlement had been disrupted by the *coup d'état* that had overthrown the constitutional government in April 1999. Measures had subsequently been taken by OAU against both the military government and the separatists in Anjouan. As

a result, foreign assistance was down sharply. Despite these difficulties, the Government had taken steps to improve revenue collection and control expenditures. Salary payments to the public service had improved and payments to international lending institutions had resumed. Project assistance from the World Bank had resumed.

14. The Committee recalled that the Comoros had benefited from exemptions under Article 19 since 1996 and noted that no payments had been received from the Comoros since 1996. It recalled that, at its fifty-ninth session, it had expressed concern at the continuing increase in the arrears of the assessed contributions of the Comoros to the United Nations and the extended nature of its exemption under Article 19, a measure that is intended to be both exceptional and temporary. The Committee noted that since then there had been no sign of any effort by the Comoros to reduce its arrears to the Organization.

**15. While recognizing the continuing problems faced by the Comoros, the Committee was not convinced that its failure to make payments of arrears to the United Nations was due to conditions beyond its control. The Committee was not therefore in a position to recommend that an exemption under Article 19 be granted.**

16. Some members expressed reservations concerning the Committee's decision, expressing the view that the failure of the Comoros to make the necessary payments to avoid the application of Article 19 was due to conditions beyond its control.

### 3. Georgia

17. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 18 May 2000 from the Permanent Representative of Georgia to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of Georgia.

18. In its written and oral representations, Georgia made reference to its continuing serious political and economic problems stemming from local and regional conflicts, with a consequent problem of refugees and displaced persons, the Russian economic crisis that began in August 1998 and a severe drought. These negative factors contributed to a reduction in the rate of economic growth and shortfalls in government revenue, as well as the need to provide for unanticipated emergency requirements. Reference was also made to the original over-assessment of Georgia following the break-up of the former USSR. The Government was taking all necessary measures to settle its outstanding problems but, at present, was unable to make the necessary minimum payment to avoid the application of Article 19. The Government intended to make a payment of $180,000 in 2000 and intended to eliminate its arrears over the following seven years, as follows:

| *Year* | *Percentage* | *Amount of repayment (United States dollars)* |
|---|---|---|
| 2001 | 10 | 707 104 plus contribution for current year |
| 2002 | 10 | 707 104 plus contribution for current year |
| 2003 | 10 | 707 104 plus contribution for current year |
| 2004 | 15 | 1 060 656 plus contribution for current year |
| 2005 | 15 | 1 060 656 plus contribution for current year |
| 2006 | 20 | 1 414 208 plus contribution for current year |
| 2007 | 20 | 1 414 208 plus contribution for current year |

This schedule of payments represented the most that Georgia could do at present, although the Government would try to shorten the period from seven years if that was possible in future.

19. The Committee noted the continuing political and economic problems faced by Georgia. It also noted the country's past, albeit sporadic, efforts to meet its financial obligations to the United Nations. The Committee welcomed Georgia's stated intention to eliminate its arrears to the United Nations. The question of payment plans is considered elsewhere in the present report, but the Committee agreed that there was no direct link between this proposal by Georgia and consideration of Georgia's request for exemption under Article 19.

**20. Having reviewed the information provided, the Committee concluded that Georgia's failure to pay the full minimum amount required to avoid the application of Article 19 was due to conditions beyond its control. Accordingly, the Committee recommended to the General Assembly that Georgia should be permitted to vote until 20 June 2001.**

21. Some members expressed reservations regarding the Committee's conclusions with regard to Georgia. While recognizing the difficulties faced by Georgia, they felt that the failure of Georgia to make the necessary minimum payment to avoid the application of Article 19 reflected government priorities, rather than it being genuinely due to conditions beyond the country's control.

### 4. Kyrgyzstan

22. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 12 May 2000 from the Permanent Representative of Kyrgyzstan to the United Nations addressed to the President of the Assembly. It also heard an oral representation from the Permanent Representative of Kyrgyzstan.

23. In its written and oral representations, Kyrgyzstan made reference to the impact of the Russian and Asian financial crises in 1998, natural disasters including earthquakes, mountain torrents and floods, and an invasion, in 1999, by international terrorists. As a result, the Government's budget deficit is almost 9 per cent of gross domestic product (GDP) and external debt has risen to $1.2 billion (excluding International Monetary Fund (IMF) credits), or 100 per cent of GDP. In the energy sector, the country is heavily dependent on gas imports and foreign indebtedness led to serious disruption of gas supplies with resultant hardships and economic repercussions. The need to implement stronger security measures due to the continuing security threat from international terrorism, Islamic extremism, and the smuggling of arms and narcotics, as well as to provide for the victims of last year's terrorist invasion, has put great pressure on the Government's finances. In this connection, at the end of 1999, the Government was behind in the payment of salaries and pensions by two or three months in some categories. Kyrgyzstan hoped to pay $502,000 in 1999-2000 and to clear the remaining amount of the debt within a few years. Due to current difficulties, however, Kyrgyzstan was unable to pay the full minimum amount necessary to avoid the application of Article 19 and requested an exemption under Article 19 for one year.

24. The Committee noted that the recent emergency need for spending on defence and relief for people affected by last year's invasion by a group of former combatants in the civil war in Tajikistan had placed great pressure on an already difficult economic situation caused by regional economic developments, natural disasters and a domestic banking crisis. The Committee also noted Kyrgyzstan's fairly steady reduction in its arrears to the United Nations and its evident commitment to continuing that effort.

**25. The Committee concluded that Kyrgyzstan's failure to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended to the General Assembly that Kyrgyzstan be permitted to vote until 30 June 2001.**

### 5. Republic of Moldova

26. The Committee had before it the text of a letter dated 5 May 2000 from the Acting President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 25 April 2000 from the Permanent Representative of the Republic of Moldova to the United Nations addressed to the President of the Assembly, as well as the text of a letter dated 22 May 2000 from the Permanent Representative of the Republic of Moldova addressed to the Acting Chairman of the Committee on Contributions. It also heard an oral representation by a representative of the Republic of Moldova.

27. In its written and oral representations, the Republic of Moldova made reference to the difficult economic situation, with industrial production falling by almost 30 per cent in the first half of 1999 and GDP falling by 9 per cent for the year as a whole. The situation in the eastern region of the country also affected the economic situation through disruption of trade and reduction of government revenue. A large debt to foreign energy suppliers had led to disruption of supplies and economic dislocation. The Government was in contact with the World Bank and hoped to resolve outstanding issues. In view of the great difficulties facing the Republic of Moldova, it was not able to pay the minimum amount necessary to avoid the application of Article 19, although it did intend to pay the amount of its regular budget assessment for 2000 and submit shortly a schedule of payments to cover its remaining assessed contributions. Accordingly, the Republic of Moldova requested an exemption under Article 19 for the period of the fifty-fifth session of the General Assembly.

28. The Committee noted the severity of the economic problems facing the Republic of Moldova, including those stemming from the Government's lack of control of the Trans-Dniester region. It also noted the country's almost total dependence on imported energy and the serious consequences arising from indebtedness to foreign suppliers. The Committee further noted the Republic of Moldova's commitment to meet its financial obligations to the United Nations and its intention to submit a schedule of payments to eliminate its arrears.

**29. The Committee concluded that the failure of the Republic of Moldova to make the full minimum payments necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended to the General Assembly that the Republic of Moldova be permitted to vote until 30 June 2001.**

### 6. Sao Tome and Principe

30. The Committee had before it the text of a letter dated 3 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 17 April 2000 from the Chargé d'affaires a.i. of Sao Tome and Principe to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of Sao Tome and Principe.

31. In its written and oral representations, Sao Tome and Principe made reference to serious economic problems stemming from low prices for cocoa and coffee, its primary export crops, as well as heavy foreign indebtedness. It also pointed to the fact that Sao Tome and Principe was the most over-assessed Member of the Organization and that, prior to the reduction of its assessment under the current scale, this had made it very difficult to meet its financial obligations to the Organization. Government finances were very tight and salary payments to the public service were two months in arrears. The Government intended to submit a schedule of payments of its arrears to the United Nations shortly but, in the meantime, it was not able to make the necessary minimum payment to avoid the application of Article 19. It was therefore requesting an exemption under Article 19 during the fifty-fifth session of the General Assembly.

32. The Committee noted the economic problems faced by Sao Tome and Principe, including stagnant incomes and high foreign indebtedness. It also noted that Sao Tome and Principe was currently subject to penalties for non-payment of its contributions to OAU. The Committee recalled its earlier conclusion that Sao Tome and Principe had been the Member most negatively affected by the minimum assessment rate prior to 1998. The Committee noted that Sao Tome and Principe had been penalized for non-payment of its contributions to OAU. It also noted that the country was likely to benefit from debt relief initiatives and that oil exploration held some promise of future revenue. The Committee further noted that Sao Tome and Principe had made no payments to the United Nations since 1996.

**33. The Committee concluded that, despite its economic problems, the failure of Sao Tome and Principe to make the necessary minimum payment to avoid the application of Article 19 was not due to conditions beyond its control. Accordingly, the Committee was not in a position to recommend that the General Assembly grant Sao Tome and Principe an exemption under Article 19.**

34. Some members expressed reservations about the Committee's decision. They pointed to the arrears accumulated during the period of Sao Tome and Principe's over-assessment under previous scales and to the country's serious foreign debt problems and expressed the view that an exemption under Article 19 would have been warranted.

### 7. Tajikistan

35. The Committee had before it the text of a letter dated 7 April 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 5 April 2000 from the Permanent Representative of Tajikistan to the United Nations addressed to the President of the Assembly, transmitting a letter dated 24 March 2000 from the Prime Minister of Tajikistan addressed to the President of the Assembly. It also heard an oral representation from the Permanent Representative of Tajikistan.

36. In its written and oral representations, Tajikistan made reference to the continuing effects of its destructive civil war and of natural disasters, including a severe drought with serious effects on crop and

under such circumstances a recommendation of multi-year payment plans, approved by the General Assembly, for all seven members would have been a relevant response. However, other members noted that the Committee's decision had been to grant exemption in four of the seven cases.

*Notes*

[a] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 11* (A/55/11), sect. B.

[b] Ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11).